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STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

4601 N Monroe Street • Spokane, Washington 99205-1295 • (509)329-3400

July 9, 2010

Mr. Tony Belotti, Safety & Environmental Compliance Manager
Inland Empire Oilseeds, LLC
P.O. Box 446
206 West Railroad Avenue
Odessa, WA 99159-0446

Dear Mr. Belotti:

The Hazardous Waste and Toxics Reduction Program of the Washington State Department of Ecology (Ecology) received a complaint on May 14, 2010, against Inland Empire Oilseeds, LLC (IEO). The complaint expresses concern about management of wastes at the IEO facility. Specifically, the complaint allegation was that IEO is improperly storing materials in totes outside of the facility and off-spec biodiesel waste was being burned at Costlows' Services in Odessa, WA.

Ecology conducted a site investigation of IEO on May 25, 2010. Problems were found that related to handling of waste materials at IEO, spills and releases, container management, material identification and designation and generator status. The problems found with a resolution for each problem are:

1. A 5-gallon plastic container in the laboratory is used to accumulate hazardous waste. The hazardous waste has waste codes of D001, F003 and WT02. The waste is generated during laboratory analysis procedures. The plastic container was not marked or labeled with the words "Hazardous Waste" or "Dangerous Waste".

The container in the laboratory must be marked or labeled to show the hazards associated with the waste in the container. This container holds toxic waste and must be labeled or marked with the words "Poison" or "Toxic".

The container in the laboratory defines as a satellite container. A guidance document for proper management of waste in a satellite container is enclosed for your assistance.

2. Laboratory waste is transferred from the 5-gallon satellite container to a 55-gallon drum located outside on the west side of the IEO facility. The 55-gallon drum was not marked or labeled to show the hazards associated with the waste in the container. The 55-gallon drum must be labeled or marked with the words "Poison" or "Toxic". The date that laboratory waste was first added to the 55-gallon drum should be marked on it.

Guidance documents for proper handling of containers that hold a hazardous waste are enclosed for your assistance.

3. 55-gallon drums located outside on the west side of the IEO facility were marked as "Hazardous Waste" and were empty. The "Hazardous Waste" markings on drums that are empty and do not hold a hazardous waste must be defaced or removed.
4. IEO notified Ecology that it operates as a medium quantity generator (MQG) and received RCRA ID# WAH000036468. The investigation reveals that IEO appears to generate less than 220 pounds of hazardous waste a month in its laboratory. Hazardous waste did not appear to be generated in any other areas of the facility.

Generation of less than 220 pounds of hazardous waste a month means that IEO operates as a small quantity generator (SQG). Regulations that apply to hazardous waste generators are enclosed in the guidance document titled as "Guide for Dangerous Waste (DW) Generators in Washington State". IEO should review the generator requirements in this document and accurately count its monthly waste generation rate and determine its regulatory requirements.

Ecology will send notice to IEO that it must complete and submit a Dangerous Waste Annual Report to Ecology for waste generated during calendar year 2010. Annual report notices for calendar year 2010 will be sent in December and the completed report must be submitted to Ecology by March 1, 2011. You may contact Tonya Wolfe from Ecology at (360) 407-6023 or by e-mail at twol461@ecy.wa.gov to obtain further information on revising your generator status and Annual Reports submittal.

5. IEO had designated off-spec biodiesel as a hazardous waste. Review of the waste profile for off-spec biodiesel revealed that off-spec biodiesel does not designate as a hazardous waste for ignitability because it has a flash point of greater than 140⁰ F or 60⁰ C. Off-spec biodiesel is not a listed waste either. Containers that hold waste off-spec biodiesel must not be marked or labeled with the words "Hazardous Waste" or "Dangerous Waste".

A liquid waste material that has a flashpoint of less than 140⁰ F or 60⁰ C would cause it to designate as an ignitable waste with a waste code of D001. There may be instances where off-spec byproducts are generated and have a low flash point (e.g., alcohols, off-spec biodiesel) and cannot be reused. In this case the waste byproducts would designate as an ignitable waste with a waste code of D001.

It is recommended that containers that hold a waste that is non-hazardous should be marked or labeled (e.g., off-spec biodiesel, glycerin, fatty acids, soaps, etc.) to communicate to employees, emergency response personnel and the public of what exactly is in the container.

6. On the west side of the IEO facility, waste glycerin, fatty acids and soap materials are accumulated and transferred between containers. Excess residuals are also cleaned from the containers in this area. A release of these materials on the ground was observed. The contaminated soils must be removed and properly disposed at a facility that is authorized and permitted to accept it. It is recommended that the containers that hold these materials be stored within a secondary containment structure to control, contain and prevent a release to the ground and the environment.
7. Eleven totes marked as "Bad Oil" and "Dust Control" are stored inside of the IEO facility. IEO could not determine what exactly was in the totes during the site investigation. IEO must identify these materials in the totes to determine if it is a useable material product or a discarded waste.

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If it is a discarded waste then IEO must designate and test it according to the procedures in WAC 173-303-070. Guidance documents for waste designation are enclosed for your assistance.

If it is a useable product then IEO must ensure that waste hazardous chemicals are not mixed in with it and along for the ride (e.g., sham recycling). Waste chemicals mixed with a product would be a disposal activity that is not allowed.

8. During the site investigation IEO indicated that the glycerin, fatty acids and soap material in containers outside and on the west side of the facility might be used for dust control. The eleven totes inside of the IEO facility were marked as "Dust Control". A guidance document titled as "Techniques for Dust Prevention and Suppression" is enclosed for your assistance.

Various regulations applicable to dust suppressants are listed in the document. IEO must ensure that any dust suppressants that it develops and markets comply with these regulations.

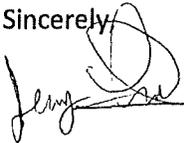
A list of dust suppressants in this document shows that glycerin, fatty acids and soap material are not a dust suppressant. If IEO were to pursue using and marketing these materials as a dust suppressant then it should also consider, among other things, product performance, human health and environmental impacts, costs and benefits, material safety data sheets and chemical testing.

9. The complaint alleged that off-spec biodiesel waste produced at IEO was delivered to Costlows' Services (CS) in Odessa, WA and burned in a space heater. I visited CS on May 25, 2010. I found that CS was storing off-spec biodiesel received from IEO in five totes and was identified as "Stove Oil". The CS manager said he had burned some of it in its space heater last winter. I found that CS had no test data or other information of what was in the "Stove Oil".

Telephone conversation with you after May 25 revealed that IEO had gone to CS and hauled the five totes of "Stove Oil" back to IEO. IEO has subsequently introduced the off-spec biodiesel into its biodiesel manufacturing process units for further refining into a biodiesel product.

Please call me at (509) 329-3489 if you have questions about hazardous waste management or environmental concerns in general. Ecology may visit you to evaluate these compliance issues.

Sincerely,



Jerry French
Environmental Specialist
Hazardous Waste and Toxics Reduction Program

Enclosure(s)

Cc: Chris Costlow, Costlow's Services
Tonya Wolfe, Department of Ecology HWTR Program

